

STATE OF DELAWARE DEPARTMENT OF INSURANCE
Form SL-1925-Q
SURPLUS LINES BROKER QUARTERLY PREMIUM TAX SUMMARY REPORT
FOR THE CALENDAR YEAR 2014
GENERAL INSTRUCTIONS

INFORMATION REGARDING CHANGES TO THIS FORM: During the 147th General Assembly, the Delaware Legislature passed House Bill 213 with House Amendment 1, which changed the amount of tax payable on surplus lines policies, from a 2% tax to a 3% tax (18 Del. C. §1925 (b)). Delaware Governor Jack Markell signed the bill into law on July 30, 2014. This tax rate increase affects all business written with nonadmitted insurers covering risks for which Delaware is the home state of the insured, including new and renewal business as well as endorsements to existing business.

The 3% tax rate is effective as of July 30, 2014. All premiums charged for surplus lines policies with an effective date after July 30, 2014, shall be taxed at 3%. All premiums charged for surplus lines business with an effective date on or before July 30, 2014, shall be taxed at the former 2% rate.

Those policies effective before and during July 2014 and taxed at the 2% tax rate, must be reported separately from policies effective after July 30 and taxed at the 3% tax rate.

THIS SL-1925-Q QUARTERLY TAX REPORTING FORM HAS BEEN CHANGED BY THE DELAWARE DEPARTMENT OF INSURANCE TO ALLOW SURPLUS LINES BROKERS TO REPORT BUSINESS SEPARATELY BASED ON TAX RATE AND PAY THE CORRECT AMOUNT OF PREMIUM TAX. THE FOLLOWING INSTRUCTIONS APPLY TO BOTH PARTS OF THE FORM. USE PART I TO REPORT PREMIUMS TAXED AT 2%. USE PART II TO REPORT PREMIUMS TAXED AT 3%. USE PART III TO CALCULATE THE TOTAL AMOUNT DUE.

The federal Nonadmitted and Reinsurance Reform Act of 2010 ("NRRA") became effective on July 21, 2011, and placed surplus lines taxation, regulation, and licensing authority under the exclusive oversight of the home state of the insured (see 18 Del. C. §1904(a)(9) for definition of home state). Delaware's surplus lines law, Title 18, Chapter 19 was changed to conform to the NRRA. These changes apply to all surplus lines policies with an effective date on or after July 21, 2011.

PREMIUM TAX IS DUE ON 100% OF THE POLICY PREMIUM, INCLUDING FEES, WHEN DELAWARE IS THE HOME STATE OF THE INSURED.

In accordance with 18 Del. C. §1925 and §1926, if Delaware is determined to be the home state of the insured, the entire policy premium must be reported to Delaware, and the amount of tax paid to Delaware must be calculated on the entire premium for the policy, not just the portion that applies to risks located within Delaware as was stipulated under the old surplus lines law. This is especially important in the case of a policy with risks in more than one state.

For policies written after July 21, 2011, DO NOT report premiums on this form unless Delaware is the home state of the insured. If Delaware is not the home state of the insured, premiums should be reported and taxes paid only to the state that is the home state of the insured.

INSTRUCTIONS FOR PART I AND PART II

SECTION 1 Single-State Policies Enter the number of single-state policies written during the quarter

Lines 1a, 1b, and 1c: Report premiums written, minus premiums returned to policyholders and/or tax exempt premiums, to give the net amount of taxable premiums written for which DE is the home state of the insured.

Please note that Line 1c has been added to this updated form to allow reporting of tax exempt premiums.

SECTION 2 Multi-State Policies Enter the number of multi-state policies written during the quarter
NOTE: Attach a SL-1903-MS form for each multi-state policy.

Lines 2a, 2b, 2c and 2d: Report premiums written, minus premiums returned to policyholders and/or tax exempt premiums, to give the net amount of taxable premiums written for which DE is the home state of the insured.

Please note that Line 1c has been added to this updated form to allow reporting of tax exempt premiums.

SECTION 3 Premium Tax Calculation

Line 3 Taxable Premium: Add Line 1c plus Line 2d)

Line 4 In Part I apply the 2% tax rate. In Part II apply the 3% tax rate. REMEMBER: Fees are included as taxable premium

Line 5 Total tax due: Multiply Line 3 by Line 4.

INSTRUCTIONS FOR PART III

Line 6 Enter amount from Part I Line I-5 NET Premium Tax Due (at 2% rate)

Line 7 Enter amount from Part II Line II-5 NET Premium Tax Due (at 3% rate)

Line 8 Sum Line 6 plus Line 7. Pay this amount.

PLEASE NOTE: If there is return premium in any calendar quarter that results in a credit for that quarter, the credit may be carried forward and applied to future calendar quarter reports. When the annual report is prepared, report total premium written less total returned premium, and the numbers should match the totals from the quarterly reports. If there is still a credit at calendar year-end, the State will issue a refund.
Returned premiums should be reported based on the effective date of the original policy.

DO NOT RETURN THIS INSTRUCTION PAGE



STATE OF DELAWARE DEPARTMENT OF INSURANCE
SURPLUS LINES BROKER
QUARTERLY PREMIUM TAX SUMMARY REPORT
FOR THE CALENDAR YEAR 2014

Original Report ☐
Amended Report ☐

Form SL-1925-Q-2
Formerly Form SL-1917

THIS FORM IS TO BE FILED BY, OR ON BEHALF OF, INDIVIDUAL SURPLUS LINES BROKERS ONLY.
AGENCIES CANNOT TRANSACT BUSINESS AND SHOULD NOT SUBMIT THIS FORM.

THIS FORM IS NOT REQUIRED IF NO BUSINESS WAS WRITTEN DURING THE CALENDAR QUARTER.

SURPLUS LINES (SL) BROKER INFORMATION AND MAILING ADDRESS

Individual SL Broker Name: _____
Agency Name: _____
Agency Address: _____
City - State - Zip + 4: _____
Tax Contact Name: _____ Phone: _____
Tax Contact E-mail: _____

Individual Broker ID #: (DE Lic. #) _____
Individual Broker NPN: _____
Agency ID #: (DE Lic. #) _____

Questions should be directed to:

Ann Fletcher

**Tax and Fees Coordinator
PG, RRG & SL Specialist**

E-mail: Ann.Fletcher@state.de.us

Select Calendar Quarter to Report:

☐ **Q114** Due April 30, 2014 ☐ **Q314** Due October 30, 2014
☐ **Q214** Due July 30, 2014 ☐ **Q414** Due January 30, 2015

EFFECTIVE JULY 30, 2014, THE DELAWARE SURPLUS LINES PREMIUM TAX RATE INCREASED TO 3%.

**USE THIS FORM TO REPORT PREMIUMS ON POLICIES WITH AN EFFECTIVE DATE ON OR BEFORE
JULY 30th AT THE FORMER TAX RATE OF 2% AND PREMIUMS ON POLICIES
WITH AN EFFECTIVE DATE AFTER JULY 30th AT THE INCREASED TAX RATE OF 3%.**

IMPORTANT: Premium tax is due on 100% of the policy premium, including fees, when Delaware is the home state of the insured. In accordance with 18 Del. C. §1925 and §1926, if Delaware is determined to be the home state of the insured, the entire policy premium must be reported to Delaware, and the amount of tax paid to Delaware must be calculated on the entire premium for the policy, not just the portion that applies to risks located within Delaware as in prior years. This is especially important in the case of a policy with risks in more than one state.

DO NOT report premiums on this form unless Delaware is the home state of the insured. If Delaware is not the home state of the insured, premiums should be reported and taxes paid only to the state that is the home state of the insured.

**PART I GROSS PREMIUMS AND TAX SUMMARY
FOR BUSINESS EFFECTIVE ON OR BEFORE JULY 30, 2014**

**REPORT ONLY PREMIUMS ON SURPLUS LINES POLICIES FOR WHICH DELAWARE IS THE HOME STATE OF THE INSURED
SINGLE-STATE POLICIES** Enter number of single-state policies written:

SECTION 1: Premiums Covering Risks in the State of Delaware ONLY

I-1a. Amount of Premiums Applicable to risks located **within the state of DE**: _____
I-1b. **Less:** Premiums returned on policies reported on Line 1a: (enter as negative) _____
I-1c. **Less:** Tax exempt premiums for policies reported on Line 1a: (enter as negative) _____
I-1d. Net Amount of Premiums Applicable to risks Delaware only risks: _____

MULTI-STATE POLICIES Enter number of multi-state policies written:

SECTION 2: Premiums Covering Risks in Multiple States, including Delaware, for which DE is the home state of the insured

I-2a. Amount of Premiums Applicable to risks located **in the state of DE**: _____
I-2b. Amount of Premiums Applicable to risks located **in other states outside of DE**: _____
I-2c. **Less:** Premiums returned on policies reported on Lines 2a & 2b: (enter as negative) _____
I-2d. **Less:** Tax exempt premiums for policies reported on Line 2a & 2b: (enter as negative) _____
I-2e. Net Amount of Premiums Applicable to multi-state risks: _____

PREMIUM TAX CALCULATION

SECTION 3: Premium tax at 2% rate is due on 100% of the policy premium, including fees, for policies effective ON OR BEFORE July 30, 2014.

I-3. Net Taxable Surplus Lines Premiums Written (add Lines 1d plus 2e) _____
I-4. Premium Tax Rate (2%) _____ **.02**
I-5. NET Premium Tax Due (Line 3 x Line 4): **ENTER THIS AMOUNT ON LINE 6** _____

CONTINUE TO PAGE 2 TO COMPLETE PART II

PART II**GROSS PREMIUMS AND TAX SUMMARY
FOR BUSINESS EFFECTIVE AFTER JULY 30, 2014**

REPORT ONLY PREMIUMS ON SURPLUS LINES POLICIES FOR WHICH DELAWARE IS THE HOME STATE OF THE INSURED

SINGLE-STATE POLICIESEnter number of single-state policies written: **SECTION 1: Premiums Covering Risks in the State of Delaware ONLY**II-1a. Amount of Premiums Applicable to risks located **within the state of DE**: _____II-1b. **Less:** Premiums returned on policies reported on Line 1a: (enter as negative) _____II-1c. **Less:** Tax exempt premiums for policies reported on Line 1a: (enter as negative) _____

II-1d. Net Amount of Premiums Applicable to risks Delaware only risks: _____

MULTI-STATE POLICIESEnter number of multi-state policies written: **SECTION 2: Premiums Covering Risks in Multiple States, including Delaware, for which DE is the home state of the insured**II-2a. Amount of Premiums Applicable to risks located **in the state of DE**: _____II-2b. Amount of Premiums Applicable to risks located **in other states outside of DE**: _____II-2c. **Less:** Premiums returned on policies reported on Lines 2a & 2b: (enter as negative) _____II-2d. **Less:** Tax exempt premiums for policies reported on Line 2a & 2b: (enter as negative) _____

II-2e. Net Amount of Premiums Applicable to multi-state risks: _____

PREMIUM TAX CALCULATION**SECTION 3: Premium tax at 3% rate is due on 100% of the policy premium, including fees, for policies effective AFTER July 30, 2014.**

II-3. Net Taxable Surplus Lines Premiums Written (add Lines 1d plus 2e) _____

II-4. Premium Tax Rate (3%) _____ **.03**II-5. NET Premium Tax Due (Line 3 x Line 4): **ENTER THIS AMOUNT ON LINE 7** _____**PART III PREMIUM TAX AMOUNT DUE**

6. Net Surplus Lines Premiums Written Taxable at 2% tax rate (from Part I, Line I-5) _____

7. Net Surplus Lines Premiums Written Taxable at 3% tax rate (from Part II, Line II-5) _____

8. TOTAL Premium Tax Due (Line 6 + Line 7): **PAY THIS AMOUNT** _____**IMPORTANT:** If there is an overpayment on Line 8, that amount may be carried into the next quarter and applied to tax liability for that quarter. If an overpayment remains at year-end, it should be so indicated on the annual tax report due on or before March 1, and a refund will be issued to the broker.**AFFIDAVIT:** All Premium Tax and Fees Reports shall be verified by the oath or affirmation of the reporting Surplus Lines Broker, duly administered by a person authorized to administer oaths.In the State of _____ County of _____ on this date _____ (MMDDYYYY), before me,
the subscriber, personally appeared the surplus lines licensee listed above, who deposes and says that this report and all
schedules are true, correct, and complete.

Sworn to and subscribed before me this date.

Signed this date: _____

Sign
Here

Printed Name of SL Broker (as listed above)

Signature of Reporting SL Broker

Sign
Here

Signature Notary Public

Notary Seal

MAILING INSTRUCTIONS

Quarterly Premium Summary Reports and payments must be received on or before the due dates, to avoid administrative penalties.

Send this form along with a check payable to *Delaware Insurance Department*, to this address: →**Delaware Insurance Department
Attn: SURPLUS LINES SECTION
841 Silver Lake Blvd.
Dover, DE 19904-2465**